

ATHLETIC FACILITIES MASTER PLAN UPDATE AND JACK TRICE STADIUM SCHEMATIC DESIGN APPROVAL

Iowa State University
of Science and Technology

Ames, Iowa

February 6-7, 2007

- Actions Requested:(1) Receive a report updating the Iowa State University Athletic Facilities Master Plan.
- (2) Receive a preliminary report on the financing plan for the proposed \$19.5 million Phase 1 project at Jack Trice Stadium. As requested by the Board at the June 2006 meeting, the presentation includes a preliminary assessment of the financing plan assumptions by independent consultant, Convention, Sports and Leisure International (CSL). A CSL representative will be present to answer questions.
- (3) Approve schematic design and project budget for the Jack Trice Stadium Improvements 2006 and authorize continued design development. A representative of architects, RDG is available to answer questions.

Athletic Facility Master Plan Revisions

At the June 2006 meeting of the Board, ISU Athletic Director Jamie Pollard presented a proposed Master Plan which encompassed a multi-year, multi-facility vision for updating and expanding ISU athletic facilities. The Board approved continued planning and fund raising related to projects at Jack Trice Stadium and Hilton Coliseum contingent on the development of a financial plan that included external validation of financial support. Since June, both financial and facility planning efforts have resulted in significant changes to the proposed Master Plan. The Master Plan revisions and the underlying rationale for the changes will be presented to the Board by Athletic Director Jamie Pollard.

Financing Plan:

The financing plan that is being proposed involves both fund raising and bonding secured by revenues specific to the proposed projects. However, the financial planning necessarily encompassed a detailed analysis of the overall Athletic Department budgetary outlook. Exhibit A presents of 10 year pro forma of Athletic Department finances. Exhibit B summarizes key financial planning assumptions. As described in more detail below, the pro forma demonstrates the capacity of overall Athletic Department revenues to support the debt service on the proposed Jack Trice Stadium 2006 improvements. The university followed a competitive process to select an independent consultant to review the financial plan and to provide independent verification of the reasonableness of the financial planning assumption. The selected firm was Convention, Sports and Leisure International (CSL). CSL was selected

because of their extensive experience in performing similar studies, their recent experience in Iowa (Kinnick Stadium financial feasibility) and their extensive data base of relevant market and industry data.

CSL has been contracted to provide independent review and validation of the following areas of the financial plan:

- Examine documents supporting fund raising commitments and potential major gifts including the major gift feasibility study conducted by the ISU Foundation and suite commitments and agreements secured or in process.
- Examine market characteristics and trends
- Conduct surveys by phone or e-mail to test demand for premium seating and potential annual giving levels to the National Cyclone Club.
- Conduct surveys of local/regional corporations regarding potential revenue from naming rights. (e.g. gates, club sections, press tower, field)
- Review other operating revenues and expense projections for reasonableness and consistency with past performance (e.g. media rights, conference revenues, etc.)
- Consult with project architects, as needed, to understand and incorporate relevant financial implications of the project design. Make recommendations as appropriate regarding revenue and expense implications of project design.
- Compare operating revenue and expense assumptions to relevant benchmarking information from like facilities at other institutions
- Prepare a final report of conclusions regarding the financial feasibility of the Jack Trice Stadium Improvements (Phase 1) and the Hilton Practice Facility.
- Present final report to University Leadership, possibly including the Board of Regents state of Iowa.

The financial planning and the external validation of the financial planning assumptions were significantly complicated by the coaching changes that occurred at ISU this fall. Market surveys had to be postponed because of the uncertainty surrounding the coaching changes. At this time, CSL's has reviewed the planning assumptions and evaluated the assumptions based on benchmarking with other similar athletic programs and has submitted a preliminary report which has been shared with the Board Office. Market survey's specific to ISU will be conducted later this spring and a final report will be available before the Regents' are requested to authorize the bond issue. A CSL representative will be present at the Board meeting to answer questions.

The key elements of the financial plan are as follows:

1. Jack Trice Stadium improvements—Project cost \$19.5 Million:
 - Major gifts totaling \$3.5 million are already committed by donors to the ISU Foundation and will be available to be applied to project costs.
 - The balance of the project is to be financed by bond proceeds. The proposed bond issues will also refinance \$2.4 million in outstanding debt originally incurred by the ISU Foundation to fund the existing suites at Jack Trice Stadium. Together with issuance and reserve requirements, the bond issue is expected to total \$20 million.

- Because much of the stadium project involves private use as defined by the tax code, a significant portion of these bonds will be taxable and the financial plan has been developed using interest rates that are 1.25% above tax-exempt rates. Annual debt service for the proposed bond issue has been estimated to be \$1.5 million.
 - The Athletic Department 10-year financial projection presented in Exhibit A includes the following revenue enhancements that provide the capacity to meet the debt service requirements for the bonds.
 - **Suite Revenues:** The existing suites at Jack Trice Stadium have been re-priced and leases have been renewed or resold for the fall 2007 (FY08) season. Total revenue generation of \$630,000 is available for debt service on the bonds in FY08. The Athletic Department has secured signed letters of intent for all but 6 of the new suites that will be available in fall 2008 and expects to complete commitments for the remaining suites by May, 2007. The new suite leases will generate an additional \$960,000 in annual revenue beginning in FY09 with an inflation adjustment in subsequent years.
 - **Club Section Revenues:** There are no additional club section seats in the proposed project. However, club section ticket prices have not been adjusted for many years. Club section season tickets will be re-priced for the fall 2008 season. There will be offsetting expenses related to the club section because the new package will include catering and parking privileges. Net revenue available for debt service will be approximately \$500,000 beginning in FY09.
 - **National Cyclone Club (NCC) Giving Levels:** Annual giving levels required to qualify for preferred-seating in both Jack Trice Stadium and Hilton Coliseum will be increased (also referred to as “re-indexed”) for the calendar year beginning January 1, 2008. The total potential incremental revenue generation if all preferred-seat ticket holders renew at the higher giving levels would be \$2.7 million. However, current ticket holders may elect to be re-seated rather than increase their giving levels. To be conservative, the financial plan assumes that re-seating will result in net revenue of \$750,000.
 - Bond Counsel recommends that the Athletic Facility Enterprise be defined narrowly to include initially only specific Jack Trice Stadium revenues and related expenses. However, the structure will be flexible to allow for the financing of other athletic facilities (to be included within said enterprise upon approval by the Board) in the future as additional revenues are available.
2. Hilton Practice Facility—estimated project cost \$30-35 Million
- The Hilton practice facility is not a revenue generating facility and therefore must be financed with a combination of major gifts and other Athletic revenues.
 - At this time, projections of Athletic Department finances will not support additional debt service obligations beyond those proposed for the Jack Trice improvements. The Hilton practice project can only proceed when sufficient major gifts have been secured.

- The ISU Foundation conducted a feasibility study indicating that the fund raising target is feasible assuming some level of corporate naming opportunities.
 - The Athletic Director and the ISU Foundation are engaged in planning and executing a fund raising effort designed to raise the necessary funds for this important facility. The timing for moving forward on this project is dependent on the fund raising effort. Therefore, planning for the Hilton facility will conclude with the completion of the programming and preliminary designs needed for the fund raising campaign. The university will seek Regents' approval to resume schematic design when the necessary gift financing has been secured.
3. Future Athletic Facilities Master Plan Projects
- Following completion of the Hilton Practice Facility fund raising, the highest priority project is to bowl-in the south end-zone of Jack Trice Stadium. The conceptual planning for this project has been completed and no further design work is needed at this time.
 - The timing of this and other major projects will depend on the availability of potential revenue enhancements such as increases in Big 12 conference revenues, sustained increases in ticket sales, sustained increases in National Cyclone Club annual giving, increases in media rights revenues, and donor interest.
 - Additional facility improvements to Hilton Coliseum including concourse expansion, possible suites and concession improvements will continue as Athletic revenues and other facility revenues are available.

Schematic Design Approval

Programming and schematic design have been completed for Jack Trice Stadium Improvements 2006. The schematic design booklet has been provided. Athletic Director Pollard and representatives of project architects, RDG, are available to answer questions. The capital register item requesting permission to proceed with design development is attached.

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Project Title **Jack Trice Stadium Improvements-2006**

Schematic Design

Project Location Jack Trice Stadium

Nsf/gsf
Comparison with
Approved
Building Program See attached table

Location of
Various Functions
Outlined in
Building Program
Within Schematic
Design The project will construct twenty-two (22) new stadium suites, enlarge two (2) existing suites, replace the existing concession/toilet buildings on the west side with new facilities and retrofit all existing suites with operable window units on the west concourse of Jack Trice Stadium.

In addition, the project will renovate the existing Cyclone Club section and raze the center concession/toilet building on the east concourse of Jack Trice Stadium.

Description of
Design This project will expand seating options and guest amenities at Jack Trice Stadium in accordance with the new Athletic Department Master Plan (Phase 1) initiative.

The design incorporates multiple components and materials to provide Jack Trice Stadium with a new, updated, architectural aesthetic that is elegant, inviting and functional.

Exterior Design
And Materials,
And Relationship
To Campus
Context The new building components are designed to integrate with the surrounding architecture of the football complex and provide an upgraded aesthetic to the stadium exterior and concourses. Materials related to the existing stadium and Jacobson Building will be utilized to form the new exterior façade.

Exterior materials include cast-in-place concrete, ribbed masonry, and smooth exterior panels. New accent materials being introduced into the complex will include burnished block, metal fascia, wall and canopy panels, and decorative laminated glass.

Roof:

Design The minimal sloped roofs of the structures are designed to blend harmoniously into the existing context of Jack Trice Stadium.

<u>Material(s)</u>	A single-ply EPDM (Ethylene-propylene-diene-monomer) synthetic rubber membrane roofing system similar to the existing stadium buildings is proposed for the new structures.	
<u>Relationship to Campus Context</u>	N/A	
<u>Why Selected</u>	The roofing system selected for this application is based upon the university's past experience, research, serviceability, warranty, initial installation and long term maintenance costs.	
<u>Estimated Life Expectancy</u>	The system specified with normal maintenance has a like expectancy of twenty (20) years.	
<u>Warranty Information</u>	The roofing manufacture will be required to provide a twenty-year (20) material and labor warranty on the roof membrane.	
<u>Changes in Project Since Approval of Building Program</u>	See attached table	
<u>Schedule</u>	It is anticipated that the design development and construction document phase will be completed by September 2007; the project bid in October 2007, and construction substantially complete by July 2008.	
<u>Project Budget with Source of Funds</u>	Construction Cost	15,272,500
	Professional Fees	3,125,000
	Movable Equipment	625,000
	Relocation	4,500
	Project Contingency	473,000
	Total Project Costs	<u>\$19,500,000</u>
	Source of Funds	
	Athletic Facilities Enterprise Bonds	\$16,000,000
	Private Giving	<u>\$3,500,000</u>
	Total Funds	\$19,500,000

Schematic
Design Booklet

A booklet describing the schematic design and detailed project budget will be distributed to all Board members for review prior to the meeting.

**Evaluation
Criteria:**

Relationship to
Institution's
mission and
strategic plan

Jack Trice Stadium plays an important role in the University's strategic plan to "Elevate the state's appeal as a place to live, learn, work and play" and to "Ensure that the university is a great place to learn and work". Jack Trice is a place of engagement for the university with thousands of students, families, visitors and alumni. They connect with all of the other programs of the university because of their associations with Iowa State University Football and their experiences at Jack Trice Stadium.

More than 300,000 people visit the university each year because of the football program and its athletes. The success of these visits is in part measured by the success of the football team, but just as important is the experience that each of the visitors has with the university community. The ease with which they may arrive at the site, visit with old friends, and of course enjoy a game is dependent on the facilities to support each element of their visit. Jack Trice is a good facility and this project is intended to make it a better facility to meet the needs of the university's guests.

The success of the football program has far reaching implications. It is one of the programs in the Athletic Department that supports not only itself but many other sports. To continue to support student athletes in all programs, football needs to continue to be a revenue generating enterprise. Improvements to Jack Trice Stadium will enhance revenue by making the experience better for visitors and income generating.

Project
alternatives
considered and
rationale for
proposed project

Jack Trice Stadium is a good facility but there are areas that need improvement. There are no alternatives to these improvements because replacement of the stadium with a new facility is not needed to meet the needs of the university.

Project size and
disposition of
existing space

This project will expand seating options and guest amenities at Jack Trice Stadium in accordance with the new Athletic Department Master Plan (Phase 1) initiative.

This project will construct twenty-two (22) new stadium suites and enlarge two (2) existing suites, replace the existing concession/toilet buildings with new facilities, and retrofit all existing stadium suites with operable window units on the west concourse.

In addition, the project will renovate the existing Cyclone Club section and raze the center concession/toilet building on the east concourse of

Jack Trice Stadium.

Project funding
and cash flow
availability

The university has established a project budget of \$19.5 Million (2007 dollars) dollars for the Phase 1 work. Funding will be provided from Athletic Facilities Enterprise Bonds and private gifts.

Operating and
Maintenance
funding

Operating and Maintenance funding will be paid by the Athletic Department.

Compelling
external agency
or policy issues

Jack Trice Stadium improvements are needed to allow the university to be competitive in offering a good experience to visitors. As a revenue generating program, it is important to continue and be successful so that all student athletes may be offered an opportunity to a university education as a result of their participation in one the department's programs.

Detailed Building Program

(NSF/GSF Comparison with Approved Building Program)

<u>Building Components With Net Square Feet For Each Area</u>	Jack Trice Stadium Improvements-2006	Approved Building Program	Schematic Design
Program Areas - West Concourse Suites			
20-16 Person Suites @ 310 NSF		6,200	6,200
2-22 Person Suites @ 420 NSF		840	840
2-32 Person Suites @ 200 NSF (Existing Suite Expansion)		400	400
Lobby/Service		535	535
Toilets		1,010	1,010
Storage		450	450
Food Prep Areas		630	630
Sub Total		10,065 NSF	10,065 NSF
Program Areas - West Concourse Concessions/Toilets			
Concessions		4,420	4,420
Toilets		10,260	10,260
First Aid/Stadium Office		530	530
Storage/Service		1,650	1,650
Sub Total		16,860 NSF	16,860 NSF
Program Areas – Club Section			
Club Area Commons		4,550	4,550
Service		255	255
Toilets		765	765
Pantry/Storage		625	625
Sub Total		6,195 NSF	6,195 NSF
<u>Total Net Square Feet</u>	Total Net Assignable Space	33,120 NSF	33,120 NSF
<u>Anticipated Gross Square Feet</u>	Anticipated Gross Square Feet	44,200 GSF	44,200 GSF
	Anticipated Net-to-Gross Ratio =	75 %	75 %